



## Legislative Bulletin.....March 29, 2006

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Democrat Motion to Instruct Conferees on the Tax Relief Extension Reconciliation Act of 2005 (H.R. 4297)

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### **Democrat Motion to Instruct Conferees on the Tax Relief Extension Reconciliation Act of 2005 (H.R. 4297) (*Rangel, D-NY*)**

**Order of Business:** On December 8, 2005, the House passed its version of H.R. 4297, the Tax Relief Extension Reconciliation Act of 2005 (see “Additional Background” section below) by a vote of 234-197 (<http://clerk.house.gov/evs/2005/roll621.xml>). On February 2, 2006, the Senate amended and passed its version of the bill by a vote of 66-31 ([http://www.senate.gov/legislative/LIS/roll\\_call\\_lists/roll\\_call\\_vote\\_cfm.cfm?congress=109&session=2&vote=00010](http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=109&session=2&vote=00010)). Conferees were appointed on February 8, 2006. The pending item today is a Democrat motion to instruct the conferees on H.R. 4297.

**Note:** A motion to instruct is NEVER binding. That is, the conferees are never required to actually follow a motion’s instructions, regardless of the vote on the motion.

**Summary of Motion to Instruct:** The Rangel motion would provide the following instructions to conferees:

- Raise taxes on dividends and capital gains by letting the tax cuts on such items expire at the end of 2008. (The House’s version did extend these tax cuts, and the Rangel motion would instruct conferees to recede from the House position.)
- Agree to the provisions of Section 106 of the Senate’s version of H.R. 4297 (regarding the extension and increase in temporary relief from the Alternative Minimum Tax—AMT). Under current law, the AMT exemption has decreased from \$40,250 to \$33,750 for single filers and from \$58,000 to \$45,000 for married couples filing jointly. Section 106 in the Senate bill would, effective immediately, extend the AMT exemption to \$42,500 for single filers and to \$62,550 for married couples filing jointly. (The House’s version of tax reconciliation did not include an AMT exemption extension because the House passed a separate bill (H.R. 4096) with such an extension:  
[http://www.house.gov/pence/rsc/doc/LB\\_120705\\_suspensionsbahrntax.pdf](http://www.house.gov/pence/rsc/doc/LB_120705_suspensionsbahrntax.pdf)).

- Produce a tax reconciliation conference report that would not increase the federal deficit or increase the public debt. (This provision essentially states that the tax cuts should be “offset.” Such offsetting is often described as “PAYGO” for tax cuts, a notion which conservatives generally regard as based on a faulty premise. That is, CBO scores cutting people’s taxes and letting them keep more of their own money as a “loss” to the federal budget (and a deficit increase). The implication within this portion of the Rangel motion is that all tax cuts reduce federal revenues, an assertion which history has proven factually inaccurate.)

➤ **NOTE:** a very similar motion to instruct conferees on February 8, 2006, failed 185-207:  
<http://clerk.house.gov/evs/2006/roll007.xml>

**Additional Background:** Under the budget resolution (H.Con.Res. 95), the House Ways and Means Committee was instructed to report legislation reducing revenues by up to \$70 billion over five years (which is a static score that does not account for any economic stimulative effects of certain tax cuts). This instruction serves to limit the total amount of tax relief that can receive reconciliation protection through Congress (meaning a mere simple majority—51 votes—are needed to pass the bill in the Senate, as opposed to a higher procedural hurdle—60 votes).

The House’s version of tax reconciliation (H.R. 4297) would save taxpayers a net \$5.8 billion in FY2006, \$56.1 billion over five years, and \$80.5 billion over ten years, according to the Joint Committee on Taxation (JCT). The Senate’s version of tax reconciliation would save taxpayers a net \$984.0 million in FY2006, \$69.4 billion over five years, and \$49.5 billion over ten years, according to the Joint Committee on Taxation (JCT). Note: these figures are static scores and do not account for the stimulative effects that some tax cuts and tax-cut extensions have on the economy.

To read the RSC Legislative Bulletin on the House’s version of tax reconciliation, visit this webpage: [http://www.house.gov/pence/rsc/doc/LB\\_120805\\_taxreconcil.pdf](http://www.house.gov/pence/rsc/doc/LB_120805_taxreconcil.pdf).

**Committee Action:** A motion to instruct does not get referred to a committee.

**Cost to Taxpayers:** The motion itself, because it is non-binding, would not yield any costs or savings to taxpayers.

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